

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS DAVID WILLIAMS
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES
(APWU/USPS-T1-31 THROUGH 34(a-c) AND 35)**

The United States Postal Service hereby files the responses of witness David Williams to the above-listed interrogatories of American Postal Workers Union dated February 23, 2012. Each interrogatory is stated verbatim and followed by the response. Interrogatory APWU/USPS-T1-34(d) has been redirected to witness Martin for response. Interrogatories APWU/USPS-T1-36 through 38 have been redirected to the Postal Service for the provision of institutional responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

APWU/USPS-T1-31 As explained in your testimony, significant changes to FCM service standards will occur, particularly overnight/next day delivery will move to 2 days and a large portion of 2-day will move to 3-day. How will these changes in service standards specifically affect the FCM sub-category of FCM parcels?

RESPONSE

See the response to APWU/USPS-T1-29.

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APWU/USPS-T1-32 Page 25 of your testimony indicates that no changes will occur to service standards for Standard Mail and Package Services. Does this mean that the parcel subcategories of mail within Standard Mail and Package Services will also experience no change in service standards?

RESPONSE

There will be no changes to the service standard day ranges, but there may be some changes to the expected delivery day within each range applicable to individual 3-digit ZIP Code pairs as detailed in my testimony.

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APWU/USPS-T1-33 Page 25 of your testimony also states that no service standard changes for Standard Mail and Package Services will occur “except for 3-digit zip to 3-digit zip changes based on reconfiguration of the network.” Please identify the changes that will occur due to reconfiguration of the network.

- a) Will these changes specifically affect the parcel sub-categories in both of these classes of mail products?
- b) What percentage of total mail volume and specifically each parcel subcategory will have a service standard change due to reconfiguration of the network?
- c) How are these changes to the service standards of standard mail parcels and package mail parcels different from the changes in service standards for periodicals?

RESPONSE

- a. Yes.
- b. The expectation is this will be limited, the business rules are not changing; dropship service standards are not changing. The change will be to some end-to-end ZIP Code pairs. For the package services category, the following distributions may occur. The Postal Service does not have accurate volume distribution to estimate impacts to Standard Mail parcels. Based on the information for Package Services, the Postal Service has no reason to believe there would be dramatically different results for Standard Mail parcels.

Current:

cpkg	Bound Printed Matter Flats	Bound Printed Matter Parcels	Media Mail/Library	Parcel Post
2	10.67%	29.57%	4.94%	9.26%
3	12.25%	12.48%	9.22%	9.83%
4	0.56%	0.81%	0.79%	1.18%
5	34.08%	29.61%	30.94%	24.56%
6	28.90%	17.29%	30.86%	31.85%
7	12.32%	9.59%	21.30%	19.87%
8	1.23%	0.65%	1.95%	3.44%

Potential:

Bound Printed Matter Flats	Bound Printed Matter Parcels	Media Mail/Library	Parcel Post
14.73%	35.40%	7.37%	12.36%
8.38%	6.99%	7.01%	6.90%
0.44%	0.55%	0.52%	0.81%
33.01%	29.57%	30.94%	24.58%
30.07%	17.28%	30.81%	31.85%
12.14%	9.56%	21.28%	19.76%
1.23%	0.65%	2.07%	3.74%

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RESPONSE to APWU/USPS-T1-33 (continued)

- c. They are similar. As described in the proposed rule, the only change for Periodicals relates to the entry time requirements for next day service, the remaining business rules will stay the same. Individual ZIP Code pairs would change based on the reassignment of ZIP codes to facilities. These potential service standards were filed in USPS Library Reference N2012-1/8.

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APWU/USPS-T1-34 Page 26 of your testimony states that “[t]he Postal Service will continue to provide a 1-3 day Priority Mail service after network consolidation is implemented,” and that it will also “continue to provide overnight Express Mail service.” Your testimony further states that for both Priority Mail and Express Mail, “[t]he standards from each origin zone to the remainder of the country will be defined by the capability of the realigned mail processing network.”

- a) What will be the impact of the realigned network on the service standards of these competitive products?
 - i. What percentage of Express Mail volume is currently delivered in one day? How will this change under the realigned network?
 - ii. What percentage of Priority Mail volume is currently delivered in one day? In two days? In 3 days? In more than three days? What will these figures be under the realigned network?
- b) What is the anticipated impact on the parcel components of these competitive products?
 - i. What percentage of Express Mail parcel volume is currently delivered in one day? How will this change under the realigned network?
 - ii. What percentage of Priority Mail parcel volume is currently delivered in one day? In two days? In 3 days? In more than three days? What will these figures be under the realigned network?
- c) What percentage of Priority Mail and Express Mail respectively, will experience a downgrade in actual service time due to the network realignment?
- d) Will Priority Mail and Express Mail require product specific transportation after network realignment?

RESPONSE

- a. The service standard day ranges are not changing. However, network changes may result in changes in the expected delivery day within each range for specific origin-destination ZIP Code pairs. Now that almost all facility-specific consolidation determinations have been made, the Postal Service is currently evaluating new service areas and assessing any potential changes required for Express Mail and Priority Mail service standards.

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RESPONSE APWU/USPS-T1-34 (continued)

- i-ii. The Postal Service is not required to report Express Mail or Priority Mail service performance. Even when it completes realignment of ZIP Code pair service standards as referenced in response to part (a) above, the Postal Service will still not be able to predict the percentage of mail within each product that will be delivered within its applicable service standard in the future.
- b. See the response to part a above. The Postal Service cannot predict the percentage of parcel-shaped mail within each product that will be delivered within its applicable service standard in the future.
- c. The Postal Service is not able to predict the percentage of Express Mail or Priority Mail that will experience more time in transit between origin and destination in the new network compared to the current network.
- d. [Redirected to witness Martin for response].

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
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APWU/USPS-T1-35 Given that mail processing facilities will be closed as a result of this current proposal, there will be increased distances and longer transit times among plants. Based on these farther distances and longer transit times, what will be the changes to CET times and processing schedules due to the plant realignment changes?

- a) How much will costs increase if the current CET times and Clearance Times (CT) are maintained just for Priority Mail and Express Mail products?
- b) How will this affect service standards?

RESPONSE

- a. The Postal Service does not anticipate changes to the current CET and Clearance times for Priority Mail and Express Mail products. Cost analysis is outside the scope of my testimony. I am not aware of any analysis that attempts to measure whether costs increase as a result of maintaining current CETs and CTs instead of changing them.
- b. The applicability of clearance times for the most part affects the choice of transportation mode between points. The Postal Service intends to continue to process Priority mail volumes after FedEx arrival at facilities and then transport to the delivery units for delivery. In some instances, there may be some changes based on the capability of the mail processing network. That is currently under evaluation based on the February 23 decisions.